



# DEFENSE ENERGY SUPPORT CENTER Preproposal Conference



Fort Monmouth Army Installation  
Fort Monmouth, New Jersey  
August 4, 2004



# Agenda



- Review Solicitation
- Required Information/Submittals
- Milestones/Timelines
- Defense Energy Support Center POCs
- Question and Answer Period



# Purpose of the RFP



- Sell System Infrastructure
- Acquire O&M Service Contract
- Will privatize if
  - Long-term benefit exceeds long-term cost

## Notes:

1. Purchase of the Commodity is not Included in the RFP
2. Selection of Contractor will be Based on Best-Value Determination
3. Government Reserves the Right Not to Award the Contract



# Systems in the RFP



## Fort Monmouth Army Installation

- Electric Distribution System
- Water Distribution System
- Wastewater Collection Systems

*NOTE: Proposals due 28 Oct 2004 (water/wastewater)  
Proposals due 12 Nov 2004 (electric)*



# Review Solicitation



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## Section B – Supplies or Services and Prices/Costs

- **All or None (B.2)**

- Allowed but not required
- If all or none is offered
  - Must provide a separate price schedule (B-1 through B-4 as applicable) for each contract line item

- **Service Charges**

- Fixed Monthly Charge
- Monthly Credit as Payment for Purchase Price
- Monthly Credit as Payment for Delayed Response



# Review Solicitation



## **Section B – Supplies or Services and Prices/Costs**

### **•Type of Contract – 4 options**

- Tariff
- Firm Fixed Price
- Fixed Price with Economic Price Adjustment
- Fixed Price with Redetermination



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## 1) Tariff Rate

- Regulated Utilities
  - May Propose Tariff Pricing Instead
  - Tariff Must be Fully and Independently Regulated (a “state-wide” public utility regulatory authority with jurisdiction over the contractor)
  - Tariff Removes CAS Requirement



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## **2) Firm Fixed Price**

- Fixed monthly charge over the 50 year period

## **3) Fixed Price Economic Price Adjustment**

- A price escalator is given by offeror
- Source location and website location, if applicable, must be provided.
- Must give adjustment methodology (whether adjusted annually or monthly)





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## **4) Fixed Price Contract with Prospective Price Redetermination**

- Prices for Initial Capital Upgrades Remain Fixed Throughout the Contract
- Prices for Operations & Maintenance (O&M) and Renewals & Replacements (R&R) Remain Fixed for the First Two Years of Contract
- Prices for O&M and R&R may be Renegotiated After Two Years and Every Three Years Thereafter



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## – **Definition of All or None:**

- *Making the Award of One Utility System Contingent Upon the Award of Another*

- ♦ To gain economies of scale, offeror may choose to combine multiple utility systems
- ♦ If a combined offer is submitted, separate price schedules (B.4.2, B.4.3 and B.4.4) are still required for each utility system
- ♦ In a combined offer, If the privatization of any single system is not cost effective, the entire proposal will not be considered for award



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## **Section C – Description/Specifications/Work Statement**

- Commodity may be included (C.2.1) (Alt. Proposal)
- Contains general requirements applicable to all locations (C.3)
  - Performance Standards (C.3.2) – required to adhere at a minimum, to specified industry standards



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## **Section C – Description/Specifications/Work Statement**

- **Response to Service Interruptions and Contingencies (C.7)**

- Procedures and provisions for handling service interruptions in Service Interruption/Contingency Plan

- **Coordination of Work (C.9)(Installation Specific details in Section J)**

- Types of Service Requests
  - Emergency Service Request Response Times



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## **Section C – Description/Specifications/Statement of Work**

- **Environmental Compliance (C.10)**
  - Comply with applicable environmental laws and regulations



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## **Section C – Description/Specifications/Statement of Work ; Upgrades and Renewals and Replacements (C.11)**

- Initial Capital Upgrades identified in the Section J should be adhered to by the Offeror and submitted in Proposal
- Future Capital Upgrades Submitted Under Annual Capital Upgrades and Renewals and Replacements Plan (Years 1 - 5)
- Reimbursement of future upgrades (other than



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## **Section C – Description/Specifications/Statement of Work**

- **Operations and Maintenance (C.12)(L.4.2)**
  - Establish and adhere to a Quality Management Plan to ensure safe and reliable operation of the system(s)
  - Consistent with all applicable laws/regulations and requirements of utility-specific attachments (Section J)



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## **Section C – Description/Specifications/Statement of Work**

- **Operational Transition Plan (C.13)(L.4.4)**
  - Describes plan for transfer of the utility system
  - Ensures continuous service from the Government to new owner
  - Contractor proposes performance start date
  - Includes detailed joint inventory of





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## Section E, F, G, and H - Solicitation Provisions/Clauses

- **Section E - Inspection and Acceptance (Inspection of Svc Clause)**
- **Section F - Deliveries or Performance**
  - Utilities Service Contract Term - 50 years
- **Section G - Contract Administration Data**
  - Contracting Officer's Representative
  - Submission and Payment of Invoices
  - Accounting Procedures
    - The Contractor shall maintain a system of accounts acceptable to the Government as necessary



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## **Section E, F, G, and H - Solicitation Provisions/Clauses (Con't)**

- **Section H - Special Contract Provisions**

- Insurance Requirements (H.2.2)
- Hazardous Substances (H.7)
  - Contractor must comply w/all applicable laws and regulations.

- **Other Special Requirements**

- Accounting for Capital Upgrades/Purchase Price



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## **Section I and J – Solicitation Provisions/Clauses/ Attachments**

- **Section I – Contract Clauses Incorporated by Reference and in full text**

- Federal Acquisition Regulation (FAR)
- Defense FAR Supplement (DFARS)
- Clauses for regulated entities (I.4)
- Clauses for non-regulated entities (I.5)

- **Section J – Base-Specific Utility-Specific Attachments**

- Base Distribution System Description
- Specific Service Requirements
- Secondary Metering – existing and future



# Review Solicitation



## Section J and K – Solicitation Provisions/Clauses

- **Section J – (continued)**

- Submittals
- Service Area and Off Installation Sites
- Transition Requirements
- Government Recognized Deficiencies (issues above are addressed in the Utility Specific Section J)

- **Section K – Representations, Certifications & Other Statements of Offerors**

- Fill-ins must be completed and provided along with offer



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## **Section L - Instructions, Conditions, and Notices to Offerors**

- **Site Visits and Technical Library (L.2.1.5 and L.2.1.6)**
  - Site Visits: August 5, 2004 – one week prior to receipt
    - Following industry preproposal conference
  - Technical Library: August 4, 2004 – one week prior to receipt
- **Proposal Preparation Instructions (L.3)**



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## Section M - Evaluation Factors for Award

### • Evaluation Factors and Sub-Factors (M.3)

#### -Factor 1: Technical Capability

- Subfactor 1: Service Interruption/Contingency Plan
- Subfactor 2: Operations and Maintenance Plan and Quality Management Plan
- Subfactor 3: Capital Upgrades and Renewals and Replacements Plan
- Subfactor 4: Operational Transition Plan
- Subfactor 5: Financial Strength



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## Section M - Evaluation Factors for Award Con't

### • Evaluation Factors and Sub-Factors Con't (M.3)

- Factor 2: Past Performance
- Factor 3: Risk
  - Subfactor 1: Performance
  - Subfactor 2: Assurance of Long-term Price and Service Stability
  - Subfactor 3: Cost/Price Realism
- Factor 4: Socioeconomic Plan
- Factor 5: Price

- Objective is to select the proposal that represents the Best Value



# Review Solicitation



- **Order of Importance for Evaluating Factors and Sub-Factors (M.3.1)**
  - Technical Capability, Past Performance, and Risk are of approximately equal importance.
  - When combined, Technical Capability , Past Performance, Risk, and Socioeconomic Commitment are somewhat more important than Price.





# Proposal Preparation Instructions



- **Proposal Organization/Page Limits**

| Volume | Title                  | Max. Page Limit  |
|--------|------------------------|------------------|
| I      | Technical Proposal     | 200 (Per System) |
| II     | Past Performance       | 50 (Total)       |
| III    | Contract Documentation | None             |
| IIII   | Price Proposal         | None             |

- **All Volumes - Provide One Hardcopy**

- Provide 1 original, 1 copy and 2 CD ROMs with Technical, Past Performance, Contract Documentation & Price on each

*Note: For Hardcopy...Provide a Separate Binder for Each Volume for Each Utility System; For CD copy...Each Volume must be separate file.*



# Required Information/Submittals



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- **Past Performance References - due when proposal is submitted**
- **Proposal**
  - (1 original, 1 copy and 2 CD's)
  - Technical
  - Past Performance Information
  - Contract Documentation
  - Price Proposal



# Required Information/Submittals



- **Contract Documentation**

- SF 33 – Fill-in and sign
- Section K (Representations and Certifications)
- Exceptions to Terms and Conditions
- Subcontracting Plan – large business only
- Socioeconomic Plan – all businesses



# The Four Volumes - Technical -



- **Technical**

- Service Interruption/Contingency Plan
- Quality Management Plan
- Capital Upgrades & Renewals & Replacements Plan
- Operational Transition Plan



# The Four Volumes - Technical -



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- **Service Interruptions/Contingency Plan**
  - Purpose: To Address Your Capability to Respond to Outages and to Emergency, Urgent, & Routine Service Calls
  - Common Proposal Shortfalls
    - Not Indicating if You will Comply with Emergency, Urgent, & Routine Response/Completion Times
    - Not Indicating if You will Comply with the Installation's Excavation Permit Process
    - Not Indicating if You will Allow the Installation to Reschedule Routine Outages if They Adversely Affect Mission/Operations

*Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan.*



# The Four Volumes - Technical -



- **Quality Management Plan**

- Purpose: To Identify Your Performance Standards and O&M Policies & Procedures
- Common Proposal Shortfalls
  - Not Addressing Performance Standards for Each Line Item in Table L-1
  - Not Addressing the Procedures You Use (Tests, Inspections, etc) to Ensure Compliance with the Performance Standards for Each Line Item in Table L-1
  - Not Addressing the Metrics You Use to Monitor the Success of Your Procedures
  - Providing Qualifications of the Incumbent Staff Rather Than Qualifications of the Positions They Fill

*Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan, however, one or the other must be submitted.*



# The Four Volumes - Technical -



- **Capital Upgrades & Renewals & Replacements Plan**

- Purpose: To Identify the Capital Upgrades & Renewals & Replacements You Intend to Accomplish
- Common Proposal Shortfalls
  - Not Providing an Initial 5-Year Plan
  - Not Addressing the Installation's List of Improvements (RFP Section J Attachments) in Your 5-Year Plan
  - Not Providing a Year-by-Year, 50-Year Plan for Renewals & Replacements

*Note: Regulated Utilities are not required to submit 50-year plan for R&R.*



# The Four Volumes - Technical -



- **Operational Transition Plan**

- Purpose: To Show How You Will Provide a “Seamless” Transition from Gov’t to Contractor Operations
- Common Proposal Shortfalls
  - Not Identifying the Person(s) Authorized to Sign for the Transfer of Inventory
  - Not Indicating if Joint Maintenance Operations are Desired and, if so, When They will Occur
  - Not Stating When the Requested New Meters will be Installed
  - Not Indicating When the Initial, Joint Meter Readings will take Place

*Note: Transition plan must be submitted by Regulated & Non-Regulated Utilities*





# The Four Volumes - Price -



## Schedule B-1

- Purpose: To Indicate Applicable Tariff, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades/Connection Charges, and Recoverable Portion of Purchase Price.
- Common Proposal Shortfalls
  - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

*Note: Schedule B-1 is for use by Regulated Utilities*



# The Four Volumes - Price -



## Schedule B-1

- **Applicable Tariff(See B.5.1)**
- **Monthly Credit as Payment for Purchase Price(see B.5.2)**
  - \$\_\_\_\_\_ Monthly Credit
  - \_\_\_\_\_ # months
  - \_\_\_\_\_ Interest Rate
- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA34



# The Four Volumes - Price -



## Schedules B-2, B-3, and B-4

- Purpose: To Indicate Fixed Monthly Charge, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades, and Recoverable Portion of Purchase Price
- Common Proposal Shortfalls
  - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

*Note: Schedule B-2 is for use by Non-Regulated Utilities*



# The Four Volumes - Price -



## **Schedule B-2 Firm Fixed Price Proposal**

### **- Fixed Monthly Charge (see B.6.1 and B.7.2)**

- The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
- Fixed Term (Months): \_\_\_\_\_

### **- Monthly Credit as Payment for Purchase Price(see B.6.2)**

\$ \_\_\_\_\_ Monthly Credit

\_\_\_\_\_ # months

\_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-2 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes - Price -



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## Schedule B-3 Fixed-Price Economic Price Adjustment Proposal

### - Fixed Monthly Charge (see B.6.1 and B.7.2)

- The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
- INDEX FOR ESCALATION (Year 1 THROUGH Year N)

Internet Location of Index \_\_\_\_\_ (KTR fill in)

Adjustment Methodology (e.g. Annual or Monthly) \_\_\_\_\_

### - Monthly Credit as Payment for Purchase Price(see B.6.2)

\$ \_\_\_\_\_ Monthly Credit

\_\_\_\_\_ # months

\_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes - Price -



## **Schedule B-4 Fixed-Price with Prospective Price Redetermination**

### **- Fixed Monthly Charge (see B.6.1 and B.7.2)**

- The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.

### **- Monthly Credit as Payment for Purchase Price (see B.6.2)**

\$ \_\_\_\_\_ Monthly Credit

\_\_\_\_\_ # months

\_\_\_\_\_ Interest Rate





# The Four Volumes - Price -



## Schedule B-4 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes - Price -



## **Schedule 1 - Fixed Monthly Charge (B.7.2)**

- Purpose: To Indicate the Monthly Charge for O&M and R&R
- Common Proposal Shortfalls (For Non-Regulated)
  - Not Indicating Exactly How You Computed Your O&M Costs (Manpower, Materials, Transportation, Supplies, Etc)
  - Not Explaining (Mathematically) How You Converted Your O&M Costs to a Monthly O&M Charge
  - Not Explaining (Mathematically) How You Used the Price Data Shown in Schedule 2 to Derive Your Monthly Charge for R&R

*Note: Schedule 1 must be submitted by Regulated & Non-Regulated Utilities*



# The Four Volumes - Price -



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## Schedule 1 (B.7.2) Calculation of Fixed Monthly Charge

| Component  | Monthly Charge | Annual Charge |
|--|----------------|---------------|
| <b>1. Operations and Maintenance (O&amp;M)</b>   |                |               |
| <b>2. Renewals and Replacements (R&amp;R)</b>  |                |               |
| <b>Total Fixed Monthly Charge (to be entered in Sub-CLIN AA for schedules B-2, B-3, B-4)</b> |                |               |



# The Four Volumes

## - Price -



## Schedule 2 - Renewals and Replacements (B.7.3)

- Purpose: To Indicate Price & Description of R&R for Each of the 50 Years of the Contract .
- Common Proposal Shortfalls
  - Not Providing a Description of the R&R for Each of the Years of the Contract addressed above
  - Not Providing a Price for the R&R for Each of the Years of the Contract addressed above

*Note: Regulated utilities are not required to submit a Schedule 2*



# The Four Volumes - Price -



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## Schedule 2 (B.7.3) R&R Schedule

*NOTE: Offerors shall list each project individually by*

| Year    | Dollar Amount | Description of Renewal and Replacement |
|---------|---------------|--|
| 200X    |               |  |
| 200X+1  |               |  |
| 200X+2  |               |  |
| 200X+50 |               |  |



# The Four Volumes - Price -



## **Schedule 3 - Initial Capital Upgrade(s)/Connection Charge(s) (B.7.4)**

- Purpose: To Indicate Prices for Initial Capital Upgrades
- Common Proposal Shortfalls
  - The List of Proposed Initial Capital Upgrades Shown in Technical Volume does not Match the List of Proposed Initial Capital Upgrades in Schedule 3.
  - Not Including the Improvement Projects (Recommended by the Installation in RFP Section J Attachments) that You Intend to Accomplish
  - Not Realizing Monthly Payments for a Specific Project will not Begin Until Construction of that Specific Project is Complete

*Note: Schedule 3 must be submitted by Regulated & Non-Regulated Utilities*



# Program Milestones Fort Monmouth, NJ (water/wastewater)



- ✓ **Issue RFP**                      **30 Jun 04**
- ✓ **Pre proposal Conference**    **4 Aug 04**
- ✓ **Site Visit**    **5 Aug 04**
- ✓ **Receipt of Technical/Cost Proposals**    **28 Oct 04**
- **Train Eval on Decision Point Tool**                      **11 Nov 04**
- **Initial Technical & Price Evaluation**    **12 Jan 05**
- **Conduct Cost Realism**    **2 Feb 05**
- **Open Negotiations**                      **11 Mar 05**
- **Close Negotiations**                      **9 Jul 05**
- **Final Proposal Revisions**                      **23 Jul 05**
- **Final Technical Evaluations**    **6 Jul 05**
- **Certified Economic Analysis**    **23 Sep 05**
- **Source Selection Decision**                      **5 Nov 05**
- **Army Review & Approval**                      **19 Nov 05**
- **Contract Award**                      **26 Jan 06**



- 48





# Defense Energy Support Center POCs



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- **Contracting Officer**

- Laverne Tillson, (703) 767-8451  
[laverne.tillson@dla.mil](mailto:laverne.tillson@dla.mil)
- **Contract Specialist**
- Montrez Nicholson, (703) 767-9406  
[montrez.nicholson@dla.mil](mailto:montrez.nicholson@dla.mil)

**Technical Lead**

- Kevin McCulla, (703) 767-8150  
[kevin.mcculla@dla.mil](mailto:kevin.mcculla@dla.mil)
- Phil Conner, 703) 767-2380  
[Phil.conner@dla.mil](mailto:Phil.conner@dla.mil)



# Question and Answer Period



- Submit detailed questions regarding solicitation electronically in writing via MS Word, text or email (no PDF).
- DESC will disseminate all responses to questions via RFP Amendment.
- DESC will be the single point of contact regarding this solicitation. All questions should go through either Montrez Nicholson or Laverne Tillson.



# Defense Energy Support Center Preproposal Conference



# Questions and Answers

**DESC Website:**

**[http://www.desc.dla.mil/DCM/DCMPage.asp?  
pageid=246](http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246)**